



THINKSMART

**2009 – Half Year Results Presentation:
21st August 2009**

Ned Montarello – Executive Chairman & CEO

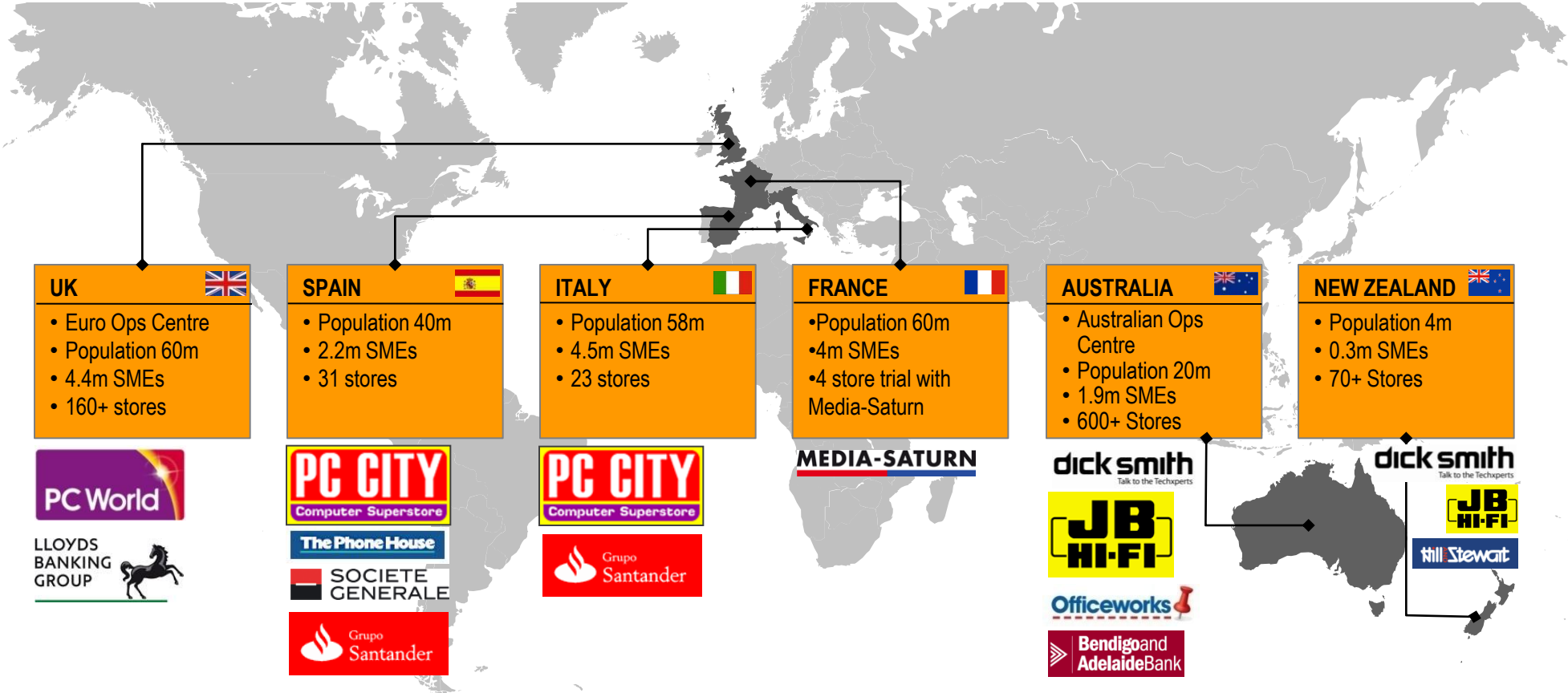
Neil Barker – Group COO

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1. The ThinkSmart Business

ThinkSmart is a leading international B2B computer and office equipment financing company which has long term relationships with leading international retailers & funders



On-the-spot finance for 1 to 5 seat small businesses in retail store environment to capture annual \$4-5k spend on computer and office equipment. Access to over 17.3m SMEs in 6 countries

2. Half Year Scorecard

- **Achieved Half Year Guidance.**
- **On Target to meet guidance for continued positive growth in 2009.**
 - › Grown NPAT 17% to \$2.6m.
 - › Delivered \$5.7m EBITDA for H1 2009, and remain on track for 2009 EBITDA growth moderately weighted to second half.
- **Strong growth in Australian business - 56% increase in EBITDA & 20% increase in new business volumes.**
- **Positioned Group well against global recessionary environment.**
 - › Grown Margins by 7%
 - › Increased contribution from non-brokerage revenue sources (Inertia, Insurance and Warranty) by 12%
 - › Delivered operational efficiencies and cost reductions across all Territories

2. Half Year Scorecard

- **European businesses well placed for growth as economy recovers:**
 - › **UK – Continued to improve penetration and manage costs delivering unchanged EBITDA despite slowing sales environment**
 - › **Spain – Delivered breakeven EBITDA with business volumes bottoming out – July showing early signs of turnaround from expanded funding arrangements and retail partnerships**
- **Expanded funding & retailer relationships**
 - › **New agreements with Société Générale & The Phone House in Spain.**
 - › **Extended contracts with JB Hi-Fi & Officeworks in Australia**
 - › **Group wide funder and retailer contracts all extend to 2011 and beyond.**
- **Will pay 1.5¢ dividend, fully franked. 55% payout ratio.**
- **Positioning for further territory growth in 2010 and maintaining watch on U.S. market conditions.**

3. Key Financial Metrics

Growth on Previous Corresponding Period

	H1 2009	H1 2008	% change
NPAT	\$2.6m	\$2.2m	+17%
EBITDA*	\$5.7m	\$5.7m	+%
Basic EPS	2.7¢	2.4¢	+13%
Dividend – Franked†	1.5¢	2.0¢	-25%
Franking Rate	100%	40%	n/a
ROE (%)*	29.2%	25.5%	+14%

* PCP excludes US operations

† 2 cents interim paid in October 2008. Final Fully Franked Dividend of 1.5 cents paid on 14 April 2009

4. Trading Summary

Australia - 56% increase in EBITDA to \$3.5m

- Strong performance through retail channel – 20% lift in volumes.
- Buoyed by solid performance from retail partners.
 - › JBH – on track to achieve 26% increase in sales
 - › Dick Smith (WOW) – achieved 10% increase in sales
- Growth in margin through sustained inertia, warranty and other income lines.
- Delivered operational efficiencies & improved customer experience through new QuickSmart platform.
- Further extended contracts with Officeworks & JB Hi-Fi.
- Funding arrangement with Bendigo Adelaide Bank remains through to 2012.
- Continued Volume growth with resilient key partners.

Key Metrics







- Revenue up 15% to \$10.8m 
- EBITDA up 56% to \$3.5m 
- Gross margin up 2% to 61% 
- EBITDA margin up 7% to 33% 
- Volumes up by 20% 
- ATV down by 6% 

4. Trading Summary

UK – EBITDA unchanged at £1.8m, margins up 6%

- Positioned business well for softer trading environment.
- Full impact of UK recession has seen reduction in footfall & corresponding 36% drop in applications.
- Has been offset by:
 - › 9% increase in penetration of PC World store sales
 - › Growth in margin through sustained inertia income, & other income lines.
 - › Reduction in cost base.
- Above chain penetration performance seen in PC World's new Winning New Revenue store format (42 of the 161 stores).
- Store sales showing signs of recovery. Business well positioned for growth with a return in high-street confidence.
- Funding arrangement with Lloyds Banking Group remains through to 2011.
- Expecting application growth for H2.

United Kingdom

- Revenue down 13% to £3.6m 
- EBITDA unchanged at £1.8m 
- Gross margin up 6% to 82% 
- EBITDA margin up 8% to 52% 
- Volumes down by 36% 
- ATV unchanged 

4. Trading Summary

- **Spain – EBITDA breakeven, additional funder secured**
 - › Business volumes have bottomed-out delivering breakeven position for first half.
 - › Strategy to develop Spain into a multi-channel territory on course:
 - Relaunched PC City with new funding platform from Société Générale.
 - Added The Phone House as second retail partner.
 - In continued negotiations to add further partners with European-wide reach.
 - › Strong underlying Inertia performance in Spain continues to underpin earnings.
 - › Early signs of volume recovery since product relaunch in July
 - › New funding with Société Générale secured through 2011
 - › Expecting application growth for H2.

- **France & Italy – EBITDA loss (\$0.2m & \$0.3m respectively)**
 - › France – Advancing negotiations with prospective funding partners and further retail partners.
 - › Italy - Solid penetration on low B2B store spend. Looking to expand distribution channels in 2010. Santander funding relationship runs through 2012.

4. Trading Summary

*EBITDA by Territory (like-for-like)**

	Actual H1 2009 \$Am	Actual H1 2008 \$Am	% Change
Australia	3.5	2.3	+56%
United Kingdom	3.9	3.9	+%
Spain	0.0	0.4	n/a
Italy	(0.3)	(0.2)	-50%
France	(0.2)	-	n/a
Corporate Development	<u>(1.2)*</u>	<u>(0.7)</u>	+70%
EBITDA (pre US costs)	5.7	5.7	+%
US Operations (suspended)	-	(1.3)	n/a
EBITDA	5.7	4.4	+30%

*2009 includes redundancy costs of \$0.3m, (pcp \$0.0m).

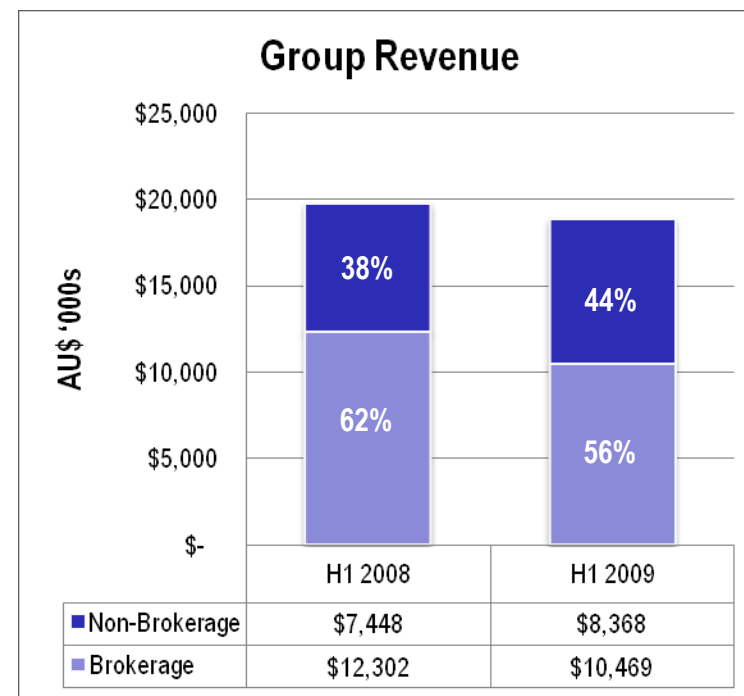
Excludes unrealised FX on intercompany loans of \$0.1m (pcp \$0.1m)

GBP = 47.61 pence (pcp 46.86 pence). Euro = 53.31 cents (pcp = 60.45 cents)

4. Trading Summary

*Growth of non-brokerage revenues positions business well for
Improved performance on retail sector recovery*

	H1 2009	H1 2008	% change
EBITDA*	\$5.7m	\$5.7m	+%
EBITDA Margin*	29.9%	28.6%	+5%
Application Volume	23,096	27,709	-17%
Settled Volume	10,323	15,242	-32%
Total Revenue	\$18.8m	\$19.8m	-5%



- Revenue over Funded Value in Period driven by contribution of non-brokerage revenues comprising inertia, insurance & warranty sales: Brokerage down 15%; Non brokerage revenue up 12% off strong European increase in Inertia, group wide insurance and Australian warranty.

5. Strategic Focus

Successfully positioning Business for Current Environment and future markets recoveries

Governing Principles

**1. Growth through
Cash Flow not debt**

**2. Pace of expansion
governed by
Performance**

**3. Alignment with
market leading
retailers**

Strategic Focus

Operational Efficiencies

- Improving Customer Delivery platform.
- QuickSmart in Australasia region
- Till system integration in Europe
- Emergence of direct internet application channel
- Cost management

Funding

- Strong existing relationships
- Successful management of credit.
- Developing multiple funding partnerships for each territory

Revenue

- Retail partner alignment
- Expansion of distribution channels in Europe
- Expansion of revenue lines:
 - Growth of Non-brokerage
 - New Product Development
- Watching brief for new territory developments

6. H2 Outlook

- On target to achieve positive EBITDA Growth.
- Positive outlook for H2 2009 EBITDA:
 - › Australia: Continued volume growth. Strong contribution from Inertia and Warranty Services
 - › Europe: Gradual upside recovery for volumes. Retail environment bottoming out. Building penetration. Continued strong growth in Inertia and Insurance Income.
- Strong margins should be sustained throughout 2009.
 - › One off costs in H1 2009 will not carry through to H2 2009.
 - › Tight management of funders' books – Credit losses in line with expectations
- Diversified income framework:
 - › Increase in non-brokerage income set to continue.
 - › Diversifying product range with partners
- Expansion of Distribution Channels
 - › Addition of further partners in Mainland Europe.
 - › Continued growth of Internet platform



6. H2 Outlook: Australia & NZ

Continued Volume Growth | Efficiencies | Growth in New Revenue Lines

Australia

- Continued Volume growth with resilient key partners
- Further operational efficiencies and improvements in customer experience through new QuickSmart online application system.
 - Lowering operating costs
 - 60% reduction in processing times
- Continued growth of Internet delivery channel
- Increasing income contribution from new product lines including Warranty Services programme with The Warranty Group through Dick Smith.

New Zealand

- Modest contribution from volumes.
- Warranty services product continuing to deliver sustainable income



6. H2 Outlook: United Kingdom

Gradual Volume Recovery / Sustained EBITDA Performance / Focus on Penetration

United Kingdom

- Gradual volume recovery
- Business positioned well to capitalise on market recovery.
- Ongoing focus on penetration into PC World's B2B sales
- Project to integrate into DSGi till system will broaden opportunities across the group.
- Successfully ridden out predicted volume decline (albeit stronger than expected)
- Continued strong Growth in Inertia and Insurance income.
- Exploring opportunities to broaden product range with DSGi Group.



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6. H2 Outlook: Mainland Europe

Multi-Channel Partnerships / Positioning Business for Market Recovery / Low cost base

Spain

- Market has bottomed out. Early signs of turnaround.
- Expanded funding platform and retail partnerships positioning business well to deliver moderate EBITDA growth in H2 2009.
- Inertia and insurance revenues continuing to sustain profitability.
- Targeting to add one more retail partner before end of year.

France

- Moving forward on plans to secure new funding relationship and expanded retail partnerships.
- Currently reviewing go to market strategies with Media-Saturn to better target French B2B segment.

Italy

- Pursuing multi-channel strategy to similarly target market-share gains in Italian market place.



7. Investment Summary
















- Expected positive EBITDA growth and margin performance
- Strong and resilient business model, proven in challenging trading conditions
- Compelling and highly profitable value proposition for retail partners, SME customer and wholesale funders
- Exclusive and entrenched partnerships with market leading international retailers and funders.
- Continuing to expanding distribution channels.
- Growing funding relationships – Credit losses in line with expectations
- No net debt
- Recurring income lines from existing contracts on books. Will contribute increased revenue from Inertia and Insurance over the next 4 years.
- International footprint covering UK, Spain, France, Italy, Australia and NZ.

8. Appendices: Key Balance Sheet Movements in Period

EBITDA Conversion to Cash

	H1 2009
EBITDA	\$5.7m
- Cash utilisation	
Dividend payment	\$1.5m
Tax payment	\$1.5m
Investing Capex	\$1.0m
Finance costs	\$0.6m
	\$4.6m
+ Increase in Cash over period	\$0.9m
=	\$5.5m
Difference due to FX Translation	\$0.2m

8. Appendices: Exclusive & Entrenched Relationships

		# Stores	Launched	Contract to	Description	Funding Partner	Contract to
United Kingdom		160+	2003	2013	Exclusive 2-way relationship Umbrella agreement for Europe	LLOYDS BANKING GROUP 	2011
Australia		371	1996	2011	Long-term exclusive working relationship		
		105	2007	2011	Solid trading from first full year together		2012
		125	1998/99	2012	Long-term partnership with traditional B2B strength		
Spain		31	2005	2013	Long-term relationship		2010
		420*	Jul 2009	2012	* Launching with 5 B2B direct channel managers, expanding to 85. Has 420 stores in Spain. Not initially contemplating stores		2011
Italy		23	2008	2011	Non-exclusive relationship		2012
France		29	Apr 2009		Trial with Media-Saturn in 4 stores in Paris	In advanced negotiations	
New Zealand		65	2009	2011	Complements Australian partnership Number 2 player in NZ	In advanced negotiations	
		14	2007	2011	Complements Australian partnership Aggressive growth plans		

A blurred background image showing several business professionals in a modern office or transit environment. A man in a dark suit and light scarf is in the center, looking forward. To his left, a woman in a light-colored jacket is looking slightly to the side. The background is out of focus, showing architectural lines and bright light from windows.

THINKSMART

The smart way to do business.